North East Lincolnshire Council
Local Code of Corporate Governance

Approved by: Audit & Governance Committee 18 January 2018

NORTH
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LINCOLNSHIRE
COUNCIL
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LOCAL CODE OF CORPORATE GOVERNANCE
INTRODUCTION

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) defines governance as follows:
"Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved"

The International Framework also states that:
"To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times".
Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders"

GOOD CORPORATE GOVERNANCE

North East Lincolnshire Council is committed to achieving good corporate governance and this Local Code describes how the Council intends to achieve this in an open and explicit way. The local code is based upon the CIPFA SOLACE framework "Delivering Good Governance in Local Government" (April 2016). As laid out in the guidance it "*is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities".* Consequently the local Code has been written to reflect the Council's own structure, functions, and the governance arrangements in existence.

*The local code is based on the following 7 principles, the first 2 of which underpin the remaining 5 with the overall aim of "**Achieving the intended outcomes while acting in the public interest at all times".***

The principles are as follows:

Acting in the public interest requires a commitment to and effective arrangements for:

> A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
> B. Ensuring openness and comprehensive stakeholder engagement

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
D. Determining the interventions necessary to optimise the achievement of the intended outcomes
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
F. Managing risks and performance through robust internal control and strong public financial management
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The requirements of the Code are included in the Council's constitution and the Council's key strategies and policies.

https://www.nelincs.gov.uk/council-information-partnerships/policies-and-strategies/

https://www.nelincs.gov.uk/?s=constitution

MONITORING AND REVIEW

The design and content of the Code of Corporate Governance is subject to annual review and update to reflect changes in the Council's policies and processes.

The effectiveness of the governance arrangements are assessed annually and reported in the Annual Governance Statement (AGS). The Council has adopted the "three lines of defence model" of assurance.

First Line – (delivery/operational area)

Each Director is required to complete an annual self-assessment as to how assurances are sought to confirm that the services and functions they are responsible for comply with each of the seven principles.

Second Line - (oversight of management activity and separate from those responsible for delivery)

A range of reports are produced annually or throughout the year from those responsible for the oversight of management activity which provide assurance on the operation of elements of the governance framework, including:

- Statutory Adults Complaints report
- Adult Social Care performance reports
- Children's complaints statutory annual report
- Health Protection Annual Report

- Annual Education Standards Report
- Annual review of the Constitution
- Annual Risk Management Report
- Annual Report of the Standards Committee
- Annual Report of Scrutiny
- Annual report of the Audit Committee
- Annual Treasury Report
- Self-assessment against the "Role of Chief Financial Officer"
- Annual Fraud Report
- Quarterly Performance Reports to Cabinet and Scrutiny
- Annual Information Governance Report
- Annual VFM report

Third line (independent oversight)

- External inspectorates, such as Ofsted and the Care Quality Commission
- External audit
- Internal audit
- Ombudsman

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Rational: Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.	**North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:** **Behaving with integrity** • A Code of Conduct for Members to ensure that high standards of conduct are maintained. • A procedure outlining arrangements for breaches of the Member Code of Conduct. • The Standards and Adjudication Committee is responsible for overseeing the conduct of members and identifying training needs of members in relation to the Code of Conduct. The Committee receives a report at each meeting on the progress of complaints/investigations. An Annual report of member conduct is also produced. • An independent person advises on complaints made against Councillors. • Standards Committee Members receive training on the Code of Conduct. • An Employee Code of Conduct that sets down standards of behaviour and conduct the Council expects of its employees. Reference is made to the Code on the Induction Checklist. • Standard decision making reporting format to ensure that all those responsible for taking decisions have the necessary information on which to do so. Key decisions are supported by an Integrated Impact Assessment. • Publication of a Report Writing Guide – reviewed and updated November 2016. • An employee policy for acceptance of gifts and hospitality. • An employee policy for registering interests. • Registers of Members' interests and records of gifts and hospitality are published on the Council's website. • Members' declaration of interests are a standing item on all agendas. Minutes show declarations of interest were sought and appropriate declarations made. • A Protocol for Council Representation on Outside Bodies. • A Corporate Feedback Policy that is published on the Council's website and is supported by a Complaints, Compliments and Suggestion on-line form. • A Policy for Raising a Concern (Incorporating the Whistleblowing Policy). **Demonstrating strong commitment to ethical values** • The Constitution which sets out how the council operates and how it makes decisions. It also states that the Council will exercise all its duties in accordance with the law. This is reviewed annually to ensure the Council's arrangements remain compliant with legislative requirements and is fit for purpose.

	- Terms of Reference that exists for all committees. - Contract Procedure Rules and the Partnership Governance Protocol emphasise the expectation for partners and contractors to comply with the "seven principles of public life". - An Employee Performance Management Framework has been adopted. - Values are embedded in organisational development activity which is undertaken, such as 21st century public sector worker and restorative practice. - An annual review to ensure compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015). **Respecting the rule of law** - The Constitution identifies the Chief Legal Officer as the Council's Monitoring Officer and sets out the role of the Monitoring Officer. The Monitoring Officer is responsible for ensuring the council operates within the law and decisions are administered correctly. - An Anti-Fraud & Corruption Strategy which is supported by a Fraud Response Plan, Anti-Money Laundering Policy, Anti-Bribery Policy and Whistleblowing Policy. There is a Whistleblowing hotline for employees and customers to report irregularity and fraud. - Maintenance of records of legal advice provided by officers. - Job descriptions that detail responsibilities and conditions of employment to ensure statutory officers and key post holders fulfil their responsibilities.

Core Principle B: Ensuring openness and comprehensive stakeholder engagement	
Rational: Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.	**North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:** **Openness** • A Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request. • A standard decision making report format to ensure that the decision maker is presented with all of the information necessary to inform the decision. • Publication of a Report Writing Guide – reviewed and updated November 2016. • An Impact Assessment toolkit is used for all key decisions and helps ensure that the decisions taken consider a range of potential impacts/risks. Where appropriate background papers are cited in the standard report format. • Agendas, reports and minutes, for all committees of the Council (including Scrutiny, Cabinet and Full council) are published on the Council's website. Meetings are held public unless there are good reasons for not doing so on the grounds of confidentiality. • Dates for submitting, publishing and distributing timely reports are set and adhered to. • The Outcomes Framework sets out the priorities and strategic direction for the Council and can be found in budget papers. • Decisions to be taken by Cabinet and Portfolio Holders are published in advance with the Forward Plan of Key Decisions. • Cabinet decisions are tracked to ensure actions are implemented on a timely basis. • Officer decision definitions have been redefined. **Engaging comprehensively with institutional stakeholders** • A Communications Team Plan which sets out the plan for improving communications across the Council with employees, partners, residents and other stakeholders. • Community Engagement Toolkit laying out how consultation with employees, partners, residents, businesses and other stakeholders should take place. The Toolkit is published on the website and was reviewed April 2017. • A partner/organisation/stakeholder list has been drawn which details those the authority engages with. • Consultation feedback is included in reports where appropriate. • Partnership Governance Protocol that sets out the governance and processes for partnership working arrangements.

	Engaging stakeholders effectively including individual citizens and service users
	- A Community Engagement framework that sets out how the Council will consult with the public. This is published on the Council's website. - The Council seeks the views from individuals, organisations and businesses on a wide range of issues. All Council surveys are delivered online using the corporate approved software. Links to current consultations are published on the website. - Consultation activity is evaluated throughout each consultation and upon completion. - The Council has arrangements to engage with all sections of the community including hard to reach groups. The Youth Council and Youth Action Group provide a forum for young people to communicate and promote views of young people. - A consultation mailing list for organisations, businesses and public is in existence. - Increased interaction via social media (externally recognised). - The Council works with the CCG in relation to promoting a consultation. - The Engagement & Consultation Register is forwarded to Members and published on the Intranet. - An Engagement Officers meeting is being developed and includes the CCG, Police Fire and voluntary organisations.

Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefit	
Rationale: The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.	**North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:** **Defining Outcomes** • The Outcomes Framework sets out the Council's vision and priorities together with its aims and actions. • Core strategic plans (such as Economic, Health and Wellbeing, Safeguarding, and Financial). • A Community Engagement Framework that sets out how the Council will consult with stakeholders including citizens and services. • Leadership team and Cabinet receive performance monitoring reports at regular intervals based on the Council's Outcome Framework. **Sustainable economic, social and environmental benefits** • The Council has an Environmental Policy Statement highlighting its commitment to sustainable environment. • The Council has an Economic Strategy which lays out its approach to sustainable development • Impact Assessment toolkit that is used for all key decisions helps ensure that the decisions taken consider a range of potential impacts/risks. Where appropriate background papers are cited in the standard report. • A Social Value Toolkit (that is designed to assist commissioners and procurers to maximise opportunities to improve the social, economic and environment condition of our local area through effective commissioning and procurement) is in place and is being updated.

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Rationale: Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.	**North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:** **Determining interventions** • The format of decision making reports to ensure that all relevant information is considered such as analysis of options, resource implications, and outcomes of Integrated Impact Assessment etc. Options are clearly defined and analysed to ensure decisions are based on the best possible information. • The Commissioning Cycle (see below) is applied to ensure clear alignment to need and improving outcomes. This will be included in the budget papers. **Planning interventions** • A Community Engagement Framework that sets out the Council's commitment to involving local people in its most important decisions through community engagement and sets out how it will do this. It seeks opportunities to get local people involved in the running of services and assets. • The Outcomes Framework is the means by which the Council's strategic framework will be translated into action and delivered. • The Commissioning Plan and Framework ensures and fosters clear links between the Outcomes Framework and the resources available to achieve them. • Leadership Team and Cabinet receive performance monitoring reports at regular intervals based on the Council's Outcome Framework.

	Optimising achievement of intended outcomes
	• The annual budget is prepared in line with agreed Financial Strategy. The Council publishes its Financial Strategy bi-annually. The Council's Financial Plan reflects a three year cycle in conjunction with a detailed one year budget. This is intended to include realistic estimates of revenue and capital expenditure.

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

| Rationale: Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities. | North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:

Developing the entity's capacity
• Provide an updated report on Value for Money (VFM) activities to the Audit & Governance Committee annually.
• The Council undertakes outcomes based performance analysis to inform whether the right outputs and outcomes are being delivered by the financial input (costs).
• The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private and voluntary organisations in delivering services.
• The Council has a People, Leadership and Development Strategy including an action plan and a Children's Workforce Strategy and plan.

Developing the capability of the entity's leadership and other individuals
• A Protocol on Member/Officer Relations that assists both Members and officers achieve good working relationships in the conduct of Council business.
• A Scheme of Delegation that is reviewed annually in light of legal and organisational changes.
• A Constitution that sets out financial management arrangements through the Financial Regulations and Contract Procedure Rules.
• Member Induction Programme in place for newly elected members.
• Member Development is managed via the Group Leaders and training is provided as of need. Members are updated on legal and policy changes etc. as required.
• Mandatory Induction programmes for all employees. Induction guides exist for managers and staff together with an Induction Toolkit.
• Training for employees is made available through the annual Corporate Training Programme.
• An employee management framework has been developed, based on restorative principles, which holds staff to account through regular performance reviews which take account of training or development needs.
• 21st Century Public Servant has been adopted which is a model to help identify current and new skills in relation to Members and officers.
• A continued Apprenticeship Programme offering training, skills and experience in Local Government.
• Top Desk area to promote staff development.
• A Workforce Planning Toolkit is available on Top Desk and helps managers through the Workforce |

	Planning process. • Employee Voice and Developing NEL network to obtain feedback from managers and staff. • Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored. Externally validated by the ROSPA.

Core Principle F: Managing risks and performance through robust internal control and strong public financial management

Rationale: Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.	**North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:** **Managing risk** • The Council has a Risk and Opportunities Policy and approach including robust systems of identification, evaluation and control of risks which threaten the Council's ability to meet its objectives to deliver services to the public. This is subject to annual review and approval at the Audit and Governance Committee. • Responsibilities for managing individual risks are contained within the Risk and Opportunities Policy. • The Council has set its risk appetite and is contained within the Risk and Opportunities Policy. • The Assurance Board, chaired by the Chief Executive regularly reviews the strategic risk register, and seeks assurances that it is kept up to date and actions to mitigate risks are implemented. • Risk management arrangements help in decision making. **Managing performance** • Key indicators have been identified which support the Council's Outcomes Framework. Assigned leadership team members are responsible for the monitoring of the delivery of performance measures in support of the outcomes. • Reports and minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request. • The Constitution, through its Overview and Scrutiny Procedure Rules, has opportunities for the Council's five scrutiny panels to challenge and debate policy and objectives before, during and after decisions are made. • Agenda, minutes of scrutiny meetings and any associated reports with recommendations to the Executive are published on the Council's website. • Overview and Scrutiny training for members is provided initially at induction, also on an annual basis or on specific subjects within scrutiny panel meetings. • Contract Procedure Rules and Financial Regulations set out the Council's arrangements and ensure that processes continue to operate consistently. • An effective internal audit service is resourced and maintained. Internal Audit prepares and delivers a risk based audit plan in line with international auditing standards which is kept under review to reflect changing priorities and emerging risks.

Robust internal control

- The Assurance Board seeks assurance on the operation of the Council's control environment.
- The Managers' "Guide to the Control Environment" provides guidance to managers on the control environment and their responsibilities it relation to it.
- An annual report is produced by Internal Audit which provides an opinion on the Council's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.
- The Council is subject to External Audit and inspection regimes which require action plans which are assigned to officers and reported to relevant Portfolio Holders.
- Anti-Fraud and Corruption Strategy which is subject to regular review and is approved by the Audit and Governance Committee. An annual fraud report summaries anti-fraud activity in the year.
- AGS that is subject to review by the Audit and Governance Committee.
- The Audit and Governance Committee, which is independent of cabinet (and has an independent chair), oversees the management of governance issues, internal controls, risk management and financial reporting. Its performance is subject to annual self-assessment.
- Audit and Governance Committee Terms of Reference are reviewed annually and revised to reflect professional bodies' expectations and best practice.
- Training is provided to Audit & Governance Committee Members on areas relevant to their role.
- There is framework in place to obtain assurance in relation to clinical governance.
- There are frameworks in place in relation to child and adult safeguarding.

Managing data

- Procedures for the effective, fair and lawful processing of data are set out in the Council's Record Management Policy, Data Protection Policy and supporting Information Governance Framework.
- Information governance and security awareness including individual responsibilities and good practice is raised and embedded with officers and elected members through the mandatory information governance training and support with regular refresher and update activities including IG newsletter, intranet postings, e-mails and articles in Vision.
- The Council's ICT and Information Security Standards provide guidance on the arrangements that must be in place/best practice to ensure personal data is kept protected and secure.
- Through the shared service information governance and security policies, standards and guidance are being reviewed and consolidated across North and North East Lincolnshire Councils to ensure consistency and compliance in the effective management of data and information.
- Effective information sharing is undertaken in accordance with the Data Protection Act and the Council's Data Protection Policy. Information Sharing Agreements, are reviewed on a regular

	basis, are in place to document the sharing of information using national agreements or the template in the Humber Information Sharing Charter.

- Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council's overall Privacy Notices published on our website and individual Privacy Statements on forms, in booklets etc.
- Data verification and validation processes are integrated within systems and processes.
- The creation of the Humber Information Governance Alliance. This involves other public sector bodies and promotes consistency in the processing of information.
- The establishment of a joint project group in relation to General Data Protection Regulations to look at policies and procedures. A training module will be produced which will be made mandatory for staff and members.
- The formation of the Information Security & Assurance Board which co-ordinates and provides an oversight of information governance.
- The council completes external self-assessments when required e.g. NHS Information Governance Toolkit.
- PSN Code of Connection.

Strong public financial management
- Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015). This is reviewed annually.
- Financial procedures are documented in the Financial Regulations.
- There is a Financial Strategy in place.
- The financial position is reported quarterly to Cabinet and referred to Scrutiny.
- Budget monitoring procedures are in place.
- Key accountabilities are in place for all budget holders.
- Rolling programme of reviews of critical business systems.
- Clear focus on the effective management of working capital.

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability	
Rationale: Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.	**North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:** **Implementing good practice in transparency** • Agendas, reports and minutes are published on the Council's website. • Reputation section included in reports template. • A style guide document that outlines how to communicate more effectively and to ensure communications are consistent and clear. • Comply with the National Transparency Code. **Implementing good practices in reporting** • Annual Financial Statements are compiled, published to timetable and included on the Council's website. • A review of VFM activities reported to the Audit & Governance Committee annually. • AGS. **Assurance and effective accountability** • The AGS sets out the Council's governance framework and the results of the annual review of the effectiveness of the Council's arrangements. The AGS includes areas for improvement. • An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the Council's internal control arrangements. • An annual report is produced by Internal Audit which includes a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit. • External Audit provides an annual opinion on the Council's financial statements and arrangements for securing Value for Money. • The Council actively welcomes peer challenge, reviews and inspections from regulatory bodies. • The Partnership Governance Protocol lays out expectations in relation to lines of accountability. • The respective roles of officers and associated accountabilities are set out in the Constitution. • The Council's scrutiny arrangements are well established and provide challenge and review and promote service improvement.